

Message Text

CONFIDENTIAL

PAGE 01 CARACA 05597 021307Z

47

ACTION SS-25

INFO OCT-01 ISO-00 /026 W
----- 015064

R 021154Z JUN 75
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 8917
INFO AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY QUITO

C O N F I D E N T I A L CARACAS 5597

EXDIS

E.O. 11652: GDS
TAGS: OAS, PFOR, EGEN
SUBJECT: RESPONSE TO VENEZUELAN NOTE - THE MULTINATIONAL
PROBLEM

REF: A. STATE 119767 B. STATE 124032

1. FOREIGN MINISTER BEING UNAVAILABLE, DCM ON MAY 27 DELIVERED NOTE AND MADE ORAL POINTS TO LEONARDO DIAZ GONZALEZ, FOREIGN MINISTRY'S DIRECTOR OF INTERNATIONAL POLICY. DIAZ GONZALEZ LIMITED HIS RESPONSE TO THE ASSERTION THAT PARAGRAPH SIX IN THE VENEZUELAN NOTE WAS NOT MEANT AS A THREAT BUT RATHER AS A REAFFIRMATION OF THE GOV'S DESIRE TO BE IN A POSITION TO CONTINUE SUPPLYING VENEZUELA'S TRADITIONAL MARKETS.

2. I RAISED THE SUBJECT WITH THE FOREIGN MINISTER AT BREAKFAST ON MAY 29. HE SAID HE HAD READ THE NOTE AND WAS FAMILIAR WITH OUR CONCERNS FROM HIS TALKS WITH BILL LUERS IN WASHINGTON. HIS ONLY OTHER COMMENT WAS TO REFER TO THE NEED FOR A SET OF RULES OR CODE OF CONDUCT TO APPLY TO THE OPERATIONS OF MULTINATIONALS. I REVIEWED FOR HIM THE LABORS OF THE WORKING GROUP ESTABLISHED UNDER THE NEW DIALOGUE AND SAID IT WAS MY UNDERSTANDING FROM THE SECRETARY'S HOUSTON SPEECH THAT WE ARE PREPARED TO RENEW THE EFFORT IF THE OTHER PARTICIPANTS SO DESIRE. ESCOBAR SALOM WAS NON-COMMITTAL ON THAT POINT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CARACA 05597 021307Z

3. THERE HAS BEEN SOME PUBLIC CONTROVERSY HERE OVER WHETHER THE PRESIDENT ACTED LEGALLY AND CONSTITUTIONALLY IN LEVYING HIS ULTIMATUM ON GULF. PEDRO JOSE LARA, A PROMINENT LEGAL EXPERT, MAINTAINS THAT THE PRESIDENT LACKS CONSTITUTIONAL POWERS TO CLOSE DOWN ANY ENTERPRISE, FOREIGN OR DOMESTIC, WITHOUT DUE PROCESS. RESUMEN, VENEZUELA'S LEADING NEWS MAGAZINE HAS CALLED FOR MENE GRANDE'S IMMEDIATE CONFISCATION AS A "GREAT LESSON" TO THE "CORRUPTORS", ARGUING THAT NORMAL LEGAL PROCESSES DO NOT NECESSARILY EXTEND TO THE OIL COMPANIES IN THEIR ROLE AS CONCESSIONAIRES OF THE STATE.

4. COMMENT: DR. LARA IS UNDOUBTEDLY RIGHT, BUT THAT DOES NOT MAKE AN ADMISSION OF ERROR ANY MORE LIKELY ON THE PART OF THE GOV. WE CAN EXPECT, AS ALREADY INDICATED BY REFTEL B, TO HEAR MORE FROM THE GOV AND OTHER LATAMS ON THE USG'S ALLEGED INDIFFERENCE TO THE TRANSGRESSIONS OF THE TRANSNATIONALS. (RESUME PUT IT THUS: "THE DEPARTMENT OF STATE, WHICH DOES NOT 'WASH ITS HANDS' OF PRESSURING THE MAKING DEMANDS DID 'WASH ITS HANDS' IN THE GULF-VENEZUELA CASE, ADDUCING THAT THE MATTER WAS WITHIN THE EXCLUSIVE PURVUE OF THE COMPANY AND THE VENEZUELAN STATE.") FROM HERE IT APPEARS WE ARE LIKELY TO CONTINUE TO HAVE TROUBLE WITH THE ARGUMENT THAT THE ACTIVE CONCERN OF THE USG ONLY ARISES WHEN THE MULTINATIONAL IS SINNED AGAINST--AND NOT WHEN IT IS THE SINNER. THE POINT IS NO DOUBT SOUNDLY BASED IN LEGAL DOCTRINE BUT HAS A NEGATIVE RING ABOUT IT.

5. I WOULD THINK OUR FOOTING WOULD BE BETTER IN THIS PART OF THE WORLD, AND IN THE OAS, IF WE WERE TO RENEW THE SECRETARY'S CALL FOR ANOTHER TRY AT FRAMING A DECLARATION OF PRINCIPLES, ESTABLISHING INTERGOVERNMENTAL MECHANISMS FOR CONSULTATION ON INVESTMENT DISPUTES AND DEVELOPING MODES OF COOPERATION FOR RECONCILIATION OF CONFLICTS OF LAWS AND JURISDICTION. I AM AT LEAST AS AWARE AS MOST OF HOW DEEP THE JURIDICAL CHASM IS BETWEEN US ON THESE ISSUES; BUT IT DOES SEEM TO ME THAT THE PROBLEM IS BECOMING SERIOUS ENOUGH TO REQUIRE ANOTHER EFFORT. THIS APPROACH MIGHT ALSO TAKE SOME OF THE STEAM OUT ON ANY ATTEMPTED IMPOSITION OF A CODE OF CONDUCT AND COULD ALSO BE HELPFUL IN A CONGRESSIONAL CONTEXT. FINALLY, I AM PUZZLED BY THE SUGGESTION IN REFTEL B THAT THE USG MAY BE ATTACKED FOR ITS "FAILURE TO AGREE TO A CODE OF CONDUCT." WHEN DID THAT FAILURE OCCUR? AS BEST I RECALL, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CARACA 05597 021307Z

WE NEVER GOT TO THE POINT IN THE WORKING GROUP WHERE ANYONE WAS ASKED TO AGREE TO ANYTHING ON A DEFINITIVE BASIS.
SHLAUDEMAM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, MULTINATIONAL CORPORATIONS, BUSINESS FIRMS, DIPLOMATIC NOTES, COMMERCIAL LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA05597
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750192-0109
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750687/aaaadbtd.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 119767, 75 STATE 124032
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by ShawDG>; APPROVED <04 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RESPONSE TO VENEZUELAN NOTE - THE MULTINATIONAL PROBLEM
TAGS: PFOR, EGEN, VE, US, OAS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006